

No.17/18/DKEM

Jakarta, 30th June 2015

CIRCULAR LETTER

To

ALL NON-BANK CORPORATIONS IN INDONESIA

Subject: Amendment of Bank Indonesia Circular Letter Number 16/24/DKEM dated 30th December 2014 concerning The Implementation of Prudential Principles in Managing External Debt of Non-Bank Corporation.

Pursuant to Bank Indonesia Regulation Number 16/21/PBI/2014 concerning The Implementation of Prudential Principles in Managing External Debt of Non-Bank Corporation (State Gazette of the Republic of Indonesia Number 394 of 2014, Supplement to the State Gazette of the Republic of Indonesia Number 5651) and Bank Indonesia Regulation Number 17/3/PBI/2015 concerning Mandatory Use of the Rupiah within the Territory of the Republic of Indonesia (State Gazette of the Republic of Indonesia Number 70 of 2015, Supplement to the State Gazette of the Republic of Indonesia Number 5683), it is necessary to make amendments in the Bank Indonesia Circular Letter Number 16/24/DKEM dated 30th December 2014 concerning The Implementation of Prudential Principles in Managing External Debt of Non-Bank Corporation, as follows:

1. Provision of points I.A.2 is to be amended so as to read as follows:
2. Accounts receivable referred to in point 1.e is regulated as follows:
 - a. Accounts receivable to Residents and non-Residents that will mature:

- 1) up to 3 (three) months from the end of the quarter; and/or
- 2) between 3 (three) and 6 (six) months from the end of the quarter;

that are unconditional or irrevocable and after deducting provisions for impairment.

- b. Accounts receivable to Residents as referred to in letter a is counted as a component of Foreign Currency Assets if the contract or agreement is signed prior to 1st July 2015 until end of the written agreement.
- c. Accounts receivable to Residents with a contract or agreement signed subsequent to 1st July 2015 can be counted as a component of Foreign Currency Assets if:
 - 1) related to a strategic infrastructure project approved by Bank Indonesia; or
 - 2) underlying of transactions can be conducted in foreign currency referring to the Bank Indonesia regulation concerning mandatory use of the Rupiah within the territory of the Republic of Indonesia.
- d. The determination of strategic infrastructure projects referred to in points c.1) as evidenced by:
 - 1) reference from an authorized ministry or institution; and
 - 2) approval from Bank Indonesia.
- e. For accounts receivable referred to points c.2) evidenced by approval letter from Bank Indonesia pursuant to the Bank Indonesia regulation concerning mandatory use of the Rupiah within the territory of the Republic of Indonesia.

2. Provision of points I.B is to be amended so as to read as follows:

B. Foreign Currency Liabilities

1. Foreign Currency Liabilities are all Foreign Currency liabilities to Residents and Non-Residents, including those originating from forward, swap and/or option transactions that mature:
 - a. up to 3 (three) months from the end of the quarter; and/or
 - b. between 3 (three) and 6 (six) months from the end of the quarter.
2. Foreign Currency Liabilities that will mature shall not be considered as Foreign Currency Liabilities if:
 - a. in the rollover, revolving, or refinancing process, upon underlying of transactions pursuant to the Bank Indonesia regulation concerning mandatory use of the Rupiah within the territory of the Republic of Indonesia; and/or
 - b. as a Foreign Currency Liabilities dedicated for project financing with a residual maturity of 6 (six) months as long as guaranteed by loan withdrawal which timetable of withdrawal according to Foreign Currency Liabilities that must be paid and the transactions pursuant to the Bank Indonesia regulation concerning mandatory use of the Rupiah within the territory of the Republic of Indonesia

Example:

PT A builds infrastructure project in Indonesia in the form of power plant with Foreign Currency External Debt from Bank Z in United States with 10 years maturity. PT A has a series Foreign Currency Liabilities that will due to the project development constructor, namely PT B, based on agreement signed before 1st July 2015. In order to meet the series of Foreign Currency Liabilities to PT B, PT A withdraws loan funds from Bank Z with the schedule according to the series of Foreign Currency Liabilities to PT B.

In this case, PT A can exclude the upcoming the series of Foreign Currency Liabilities maturity to PT B as Foreign Currency Liabilities.

3. Supporting documentation of Foreign Currency Liabilities that are in the rollover, revolving, or refinancing process as referred to in points 2.a among others are:
 - a. notification from the creditor affirming the Foreign Currency Liability in question is in the rollover, revolving, or refinancing process;
 - b. loan agreement with the relevant clauses; and
 - c. approval letter from Bank Indonesia, if underlying of transactions requires approval from Bank Indonesia to be done in foreign currency pursuant to the Bank Indonesia regulation concerning mandatory use of the Rupiah within the territory of the Republic of Indonesia.
 4. Supporting documentation of Foreign Currency Liabilities in order to project financing Foreign Currency Loan referred to points 2.b among others are:
 - a. loan agreement that includes withdrawal date of loan funds according to obligations that must be paid;
 - b. corporations statement that the loan is used for fulfilling Foreign Currency Liabilities with a residual maturity of 6 (six) months; and
 - c. approval letter from Bank Indonesia, if underlying of transactions requires approval from Bank Indonesia to be done in foreign currency pursuant to the Bank Indonesia regulation concerning mandatory use of the Rupiah within the territory of the Republic of Indonesia.
3. Provision of points I.E.3 is to be amended so as to read as follows:

3. In the event that a Nonbank Corporation is established, as referred to in number 2, through a joint venture, the Credit Rating of the largest shareholder with direct ownership of the corporation is applicable.

Example:

Corporation A is established through a joint venture, namely a domestic company (Corporation B) and an international company (Corporation C), and began commercial operations on 30th July 2015. Corporation B controls 75% of Corporation A's shares, with the remaining 25% controlled by Corporation C. In terms of financing, Corporation A intends to take out a foreign loan originating from an international bank syndicate signed after 1st January 2016. In this case, Corporation A is required to fulfill a minimum Credit Rating of BB- using the Credit Rating of Corporation A or by using the Credit Rating of Corporation B until 30th July 2018.

4. Provision of number III is to be amended so as to read as follows:

III. CORRESPONDENCE

1. Submission of letters, inquiries, supporting documents, and/or other information relating to this Bank Indonesia Circular Letter is addressed to:

Bank Indonesia

Departemen Pengelolaan dan Kepatuhan Laporan

Menara Sjafruddin Prawiranegara, Lantai 16

Jl. MH. Thamrin No.2

Jakarta 10350

Telephone : 021-29817020, 021-29817022, 021-29817023,
021-29817025, 021-29817029, 021-29817030,
021-29817042, 021-29817053, 021-29817063,
021-29817067

Fax : 021-3800134, 021-3501974

E-mail : LLDKPPK@bi.go.id

2. Any changes to the correspondence address will be notified through mail and/or other media.
5. An Appendix including amended Appendix I is attached following page 7 and integral part of this Bank Indonesia Circular Letter.

Enforcement of this Bank Indonesia Circular Letter shall commence on 30 June 2015.

For this Regulation to become publicly known, it is hereby ordered that this Regulation be promulgated in the State Gazette of the Republic of Indonesia.

BANK INDONESIA,

JUDA AGUNG
HEAD OF ECONOMIC AND
MONETARY POLICY DEPARTMENT

APPENDIX I
BANK INDONESIA CIRCULAR LETTER
NUMBER 17/18/DKEM, DATED 30TH JUNE
2015
CONCERNING
AMANDMENT OF BANK INDONESIA
CIRCULAR LETTER NUMBER 16/24/DKEM
DATED 30th DECEMBER 2014
CONCERNING THE IMPLEMENTATION OF
PRUDENTIAL PRINCIPLES IN MANAGING
EXTERNAL DEBT OF NON-BANK
CORPORATION

**LIST OF RATING AGENCIES APPROVED BY BANK INDONESIA FOR THE
APPLICATION OF PRUDENTIAL PRINCIPLES TO MANAGE NONBANK
CORPORATE EXTERNAL DEBT**

Name of Rating Agency		BB- Equivalent Rating
Domestic Rating Agencies	PT. Pemeringkat Efek Indonesia (PEFINDO)	BB-
	PT. Fitch Ratings Indonesia	BB-(idn)
	PT ICRA Indonesia	[Idr]BB-
International Rating Agencies	Moody’s Investors Service	Ba3
	Standard & Poor’s	BB-
	Fitch Ratings	BB-
	Japan Credit Rating Agency	BB-
	Rating and Investment Information Inc.	BB-

HEAD OF ECONOMIC AND
MONETARY POLICY DEPARTMENT,

JUDA AGUNG